



P.O. Box 2750 Durango, CO 81302-2750
Phone: (970) 247-5786 • Fax (970) 247-2674
www.lpea.coop

July 2, 2019

Duane Highley, Chief Executive Officer
Tri-State Generation & Transmission
1100 W. 116th Ave,
Westminster, CO 80234

Re: Request to Initiate an Exit Charge Calculation

Dear Duane:

At its January 2018 Board Meeting, the LPEA Directors established a Long-Term Strategies Committee to work with staff to identify several possible energy scenarios and emerging trends that could affect LPEA. As part of this work, the Committee investigated future costs and concerns with our current power supplier, as well as the general outlook for the power supply industry. That committee completed its work and reported to the LPEA Board at its June 2018 meeting.

In its August 2018 meeting, the LPEA Board established a Power Supply Committee made up of both Directors and staff. This committee was tasked to complete an investigation into wholesale power market prospects and the value of our Wholesale Electric Service Contract. The Power Supply Committee was authorized to select consultants and spend funds to have these studies completed by March 2019. At an April 2019 LPEA Board meeting, the consultants presented the results of their studies.

Meanwhile, at the January 2019 LPEA Board Meeting, the Board unanimously adopted a Strategic Goal put forth by staff: LPEA will strive to reduce its carbon footprint by 50% from 2018 levels, by year 2030, while keeping member's cost of electricity lower than 70% of its Colorado cooperative peers.

As a follow-on to the work of the Power Supply Committee, LPEA staff sent a Request for Indicative Pricing to about 10 wholesale power providers and has received those responses.

The LPEA Board and staff have carefully considered LPEA's future challenges, vision of the future, and the needs and wants of its members here in Western Colorado. The LPEA Board and staff have considered what the wholesale power market can deliver and what the valuation of our Wholesale Electric Services Contract should be.

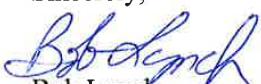
As you know, the LPEA Board has closely been following the Colorado PUC Case in which Delta Montrose Electric Association is seeking a fair exit cost from Tri-State Generation & Transmission.

The LPEA Board and staff also have held discussions with Kit Carson Electric Cooperative Directors and staff to learn about their exit from Tri-State Generation & Transmission.

The LPEA Board of Directors is now formally requesting that Tri-State Generation & Transmission calculate a fair exit charge for LPEA and deliver to us the results found and the details of how the calculation was carried out. We will, of course, look forward to reviewing the supporting materials to the calculation of an exit charge so that our Board and our members can be assured of the fairness, justness, and reasonableness of the exit charge, as computed by your office.

If there is any additional information you need from our cooperative to assist in this calculation, please let us know.

Sincerely,



Bob Lynch
President, LPEA Board of Directors



Michael Dreysspring
CEO, LPEA